

## Statement of Considerations

**Request by Genencor International Inc. (GI) for an Advance Waiver of Domestic and Foreign Patent Rights to Inventions made under Subcontract No. ZCO-0-30017-0 entitled "Cellulase Cost Reduction for Bioethanol" Under the Midwest Research Institute's Management and Operating Contract DE-AC36-98GO10337; W(A)-00-013, CH1031.**

**Genencor International Inc. (GI) has requested an advance waiver of domestic and foreign patent rights to inventions its employees may conceive or first actually reduce to practice in the performance of NREL Subcontract No. ZCO-0-30017-01.**

**As brought out in the attached waiver petition, the work will focus on reducing the cost of cellulase for biomass-to-ethanol conversion by improving the fermentation economics of GI's proprietary *Trichoderma reesei* strains and improving cellulase performance. The total cost of this work under the cooperative agreement is \$16,942,255 over a three year period with \$3,388,451 contributed by GI and \$13,533,804 contributed by NREL for a total of 20% cost sharing by GI.**

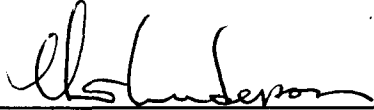
**Referring to paragraph 5 of GI's waiver petition, GI owns over 1400 issued patents and 1600 pending patents worldwide. Many of these patents relate directly to the discovery, improvement, production and application of biocatalysts, including the discovery and improvement of cellulases and their production in fungal systems.**

**As noted in paragraphs 6-8 of GI's waiver petition, GI has sales of about \$306 million of which 35% is to grain processors. Since GI attributes substantial investment in its four technology platforms, GI is clearly committed to its continued development of this technology, particularly since three of its discovery platforms will be used in this agreement.**

**GI has agreed to the terms of the usual advance patent waiver, including background patent rights, and background data licensing provisions. These advance patent waiver provisions include a Government license, march-in rights and preference for U.S. industry provisions comparable to those set out in 35 U.S.C. 202-204, as well as a U.S. Competitiveness Clause which requires that products embodying a waived invention or produced through this use of a waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. GI has also agreed to make the above conditions binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Additionally, should GI or other entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, the waiver, assignment, license or other transfer of rights in the waived invention is suspended until approved in writing by DOE.**

The grant of this waiver is not anticipated to result in any adverse effects on competition or the public health, safety and welfare. GI and various competitors are active in the biomass-to- ethanol market and a variety of companies have relevant intellectual property in the areas to be researched.

Considering the foregoing, and in view of the statutory objectives to be attained and the factors to be considered, it has been determined that this advance waiver of patent rights will best serve the interest of the United States and the general public. Subject to GI providing at least twenty percent (20%) cost sharing, in aggregate over the term of this agreement, it is recommended that the waiver be granted.



Thomas G. Anderson  
Assistant Chief Counsel  
Office of Intellectual Property Law

Date: 6/9/00

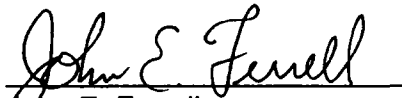


Joy Alwan  
Patent Attorney  
Office of Intellectual Property Law

Date: 9 June 00

Based on the foregoing Statement of Consideration, it is determined that the interest of the United States and the general public will be best served by a waiver of the United States and foreign rights as set forth therein, and therefore the waiver is granted. This waiver shall not affect any waiver previously granted.

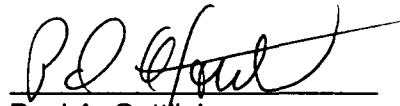
CONCURRENCE:



John E. Ferrell  
Director  
Energy Efficiency & Renewable Energy  
Office of Transportation Technologies  
EE-31

Date: 10/5/00

APPROVAL:



Paul A. Gottlieb  
Assistant General Counsel  
for Technology Transfer and  
Intellectual Property

Date: 10-6-00